

**CITY OF WILLIAMSBURG**  
**INDEPENDENT AUDITORS' REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2011**



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**Officials**

Name

Title

Term Expires

**(Before January 2011)**

Frank Murphy	Mayor	Jan 2012
Don Kirkpatrick	Mayor Pro Tem	Jan 2012
Theresa Phillips	Council Member	Jan 2012
Adam Grier	Council Member	Jan 2012
Marty Bunge	Council Member	Jan 2014
Pat McGovern	Council Member	Jan 2014
Jenifer Mein	Clerk /Treasurer	Appointed
Eric Tindal	Attorney	Appointed

**(After January 2011)**

Frank Murphy	Mayor	Jan 2012
Don Kirkpatrick	Mayor Pro Tem	Jan 2012
Theresa Phillips	Council Member	Jan 2012
Adam Grier	Council Member	Jan 2012
Marty Bunge	Council Member	Jan 2014
Pat McGovern	Council Member	Jan 2014
Jenifer Mein	Clerk /Treasurer	Appointed
Eric Tindal	Attorney	Appointed



# **L LOU ANN MURPHY & COMPANY, P.L.L.C.**

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## Independent Auditors' Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Williamsburg's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2011 on our consideration of the City of Williamsburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Budgetary comparison information on pages 20 through 22 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamsburg's basic financial statements. The financial statements for the six years ending June 30, 2009 (which are not presented herein), were audited by other auditors whose reports expressed unqualified opinions on financial statements from 2004-2006 and qualified opinions on financial statements from 2007-2009, which were prepared in conformity with an other comprehensive basis of accounting. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the one year ended June 30, 2010 (which is not presented herein), and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.



Lou Ann Murphy & Company, P. L. L. C.  
Certified Public Accountants  
Osage, Iowa  
October 17, 2011

## **Primary Government Financial Statements**

City of Williamsburg  
Statement of Activities and Net Assets – Cash Basis  
As of and for the year ended June 30, 2011

Functions / Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental activities:</b>				
Public safety	\$ 619,806	4,814	14,940	-
Public works	560,959	1,984	264,421	-
Health & Social Services	1,200	-	-	-
Culture and recreation	680,291	254,253	29,905	-
Community and economic development	118,502	-	-	-
General government	176,070	18,552	-	-
Debt service	1,555,153	-	-	-
Capital projects	3,311,959	-	308,582	449,588
<b>Total governmental activities</b>	<b>7,023,940</b>	<b>279,603</b>	<b>617,848</b>	<b>449,588</b>
<b>Business type activities:</b>				
Water	\$ 367,827	365,324	-	-
Sewer	391,136	440,458	-	-
Child Development Center	38,560	-	43,516	-
<b>Total business type activities</b>	<b>\$ 797,523</b>	<b>805,782</b>	<b>43,516</b>	<b>-</b>
<b>Component Unit:</b>				
Library Foundation	\$ 69,013	-	32,247	-
<b>Total Component Unit</b>	<b>\$ 69,013</b>	<b>-</b>	<b>32,247</b>	<b>-</b>
<b>Total</b>	<b>\$ 7,890,476</b>	<b>1,085,385</b>	<b>693,611</b>	<b>449,588</b>
<b>General Receipts:</b>				
Property tax and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Grants and contributions not restricted to specific purposes				
Unrestricted interest on investments				
Bond Proceeds				
Miscellaneous				
Transfers				
<b>Total general receipts and transfers</b>				
<b>Change in cash basis net assets</b>				
<b>Cash basis net assets beginning of year</b>				
<b>Cash basis net assets end of year</b>				
<b>Cash Basis Net Assets</b>				
Restricted				
Nonexpendable:				
Thelma Wyman Memorial				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

See notes to financial statements.

Exhibit A

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			Aggregate Discretely Presented Component Unit
Governmental Activities	Business Type Activities	Total	
(600,052)	-	(600,052)	-
(294,554)	-	(294,554)	-
(1,200)	-	(1,200)	-
(396,133)	-	(396,133)	-
(118,502)	-	(118,502)	-
(157,518)	-	(157,518)	-
(1,555,153)	-	(1,555,153)	-
(2,553,789)	-	(2,553,789)	-
<u>(5,676,901)</u>	<u>-</u>	<u>(5,676,901)</u>	<u>-</u>
-	(2,503)	(2,503)	-
-	49,322	49,322	-
-	4,956	4,956	-
-	51,775	51,775	-
-	-	-	(36,766)
-	-	-	(36,766)
<u>(5,676,901)</u>	<u>51,775</u>	<u>(5,625,126)</u>	<u>(36,766)</u>
811,028	-	811,028	-
135,514	-	135,514	-
1,922,005	-	1,922,005	-
354,328	-	354,328	-
2,910	-	2,910	-
66,392	4,901	71,293	-
996,700	-	996,700	-
63,757	-	63,757	-
28,114	(28,114)	-	-
<u>4,380,748</u>	<u>(23,213)</u>	<u>4,357,535</u>	<u>-</u>
(1,296,153)	28,562	(1,267,591)	(36,766)
<u>6,144,258</u>	<u>450,073</u>	<u>6,594,331</u>	<u>254,058</u>
<u>\$ 4,848,105</u>	<u>478,635</u>	<u>5,326,740</u>	<u>217,292</u>
\$ 505		505	
\$ 46,497	-	46,497	-
318,853	-	318,853	-
288,707	22,033	310,740	-
52,020	5,048	57,068	-
<u>4,141,523</u>	<u>451,554</u>	<u>4,593,077</u>	<u>217,292</u>
<u>\$ 4,848,105</u>	<u>478,635</u>	<u>5,326,740</u>	<u>217,292</u>

City of Williamsburg  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds  
As of and for the year ended June 30, 2011

	General	Special Revenue		Debt Service
		Road Use Tax	Tax Increment Financing	
<b>Receipts:</b>				
Property tax	\$ 510,433	\$ -	\$ -	\$ 134,084
Tax increment financing	-	-	1,922,005	-
Other city tax	101,011	-	-	1,430
Licenses and permits	11,097	-	-	-
Use of money and property	96,748	-	2,909	4,372
Intergovernmental	30,837	250,486	-	-
Charges for service	208,184	-	-	-
Special assessments	-	-	-	-
Miscellaneous	74,634	-	-	-
<b>Total receipts</b>	<b>1,032,944</b>	<b>250,486</b>	<b>1,924,914</b>	<b>139,886</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	619,806	-	-	-
Public works	301,212	235,656	-	-
Health & Social Services	1,200	-	-	-
Culture and recreation	680,291	-	-	-
Community and economic development	15,984	-	102,518	-
General government	176,070	-	-	-
Debt service	-	-	-	1,555,153
Capital projects	-	-	-	-
<b>Total disbursements</b>	<b>1,794,563</b>	<b>235,656</b>	<b>102,518</b>	<b>1,555,153</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>(761,619)</b>	<b>14,830</b>	<b>1,822,396</b>	<b>(1,415,267)</b>
<b>Other financing sources (uses):</b>				
Note Proceeds	\$ -	\$ -	\$ -	\$ 32,700
Operating transfers in	989,278	-	-	1,451,577
Operating transfers out	(195,282)	-	(1,721,871)	-
<b>Total other financing sources (uses)</b>	<b>793,996</b>	<b>-</b>	<b>(1,721,871)</b>	<b>1,484,277</b>
<b>Net change in cash balances</b>	<b>32,377</b>	<b>14,830</b>	<b>100,525</b>	<b>69,010</b>
<b>Cash balances beginning of year</b>	<b>2,278,354</b>	<b>31,667</b>	<b>218,328</b>	<b>219,697</b>
<b>Cash balances end of year</b>	<b>\$ 2,310,731</b>	<b>46,497</b>	<b>318,853</b>	<b>288,707</b>
<b>Cash Basis Fund Balances</b>				
Nonspendable - Thelma Wyman Memorial	\$ -	-	-	-
<b>Restricted for:</b>				
Urban renewal purposes	-	-	318,853	-
Debt service	-	-	-	288,707
Streets	-	46,497	-	-
Other Purposes	-	-	-	-
<b>Committed for capital projects</b>				
<b>Assigned for:</b>				
Library	24,028	-	-	-
Historical Commission	3,691	-	-	-
Unassigned	2,283,012	-	-	-
<b>Total cash basis fund balances</b>	<b>\$ 2,310,731</b>	<b>46,497</b>	<b>318,853</b>	<b>288,707</b>

See notes to financial statements.

Exhibit B

Capital Projects	Nonmajor	Total
43,058	153,062	840,637
-	-	1,922,005
759	357,032	460,232
-	-	11,097
28,076	652	132,757
441,510	13,934	736,767
-	-	208,184
-	-	-
316,660	-	391,294
<u>830,063</u>	<u>524,680</u>	<u>4,702,973</u>
-	-	619,806
-	24,091	560,959
-	-	1,200
-	-	680,291
-	-	118,502
-	-	176,070
-	-	1,555,153
3,311,959	-	3,311,959
<u>3,311,959</u>	<u>24,091</u>	<u>7,023,940</u>
<u>(2,481,896)</u>	<u>500,589</u>	<u>(2,320,967)</u>
964,000	-	996,700
11,630	-	2,452,485
(11,630)	(495,588)	(2,424,371)
<u>964,000</u>	<u>(495,588)</u>	<u>1,024,814</u>
(1,517,896)	5,001	(1,296,153)
<u>3,348,688</u>	<u>47,524</u>	<u>6,144,258</u>
<u>1,830,792</u>	<u>52,525</u>	<u>4,848,105</u>
-	505	505
-	-	318,853
-	-	288,707
-	-	46,497
-	52,020	52,020
1,830,792	-	1,830,792
-	-	-
-	-	24,028
-	-	3,691
-	-	2,283,012
<u>1,830,792</u>	<u>52,525</u>	<u>4,848,105</u>

**City of Williamsburg**

## City of Williamsburg

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2011

	Enterprise Funds			
	Water	Sewer	Child Care Facility	Total
Operating receipts:				
Charges for service	\$ 333,320	\$ 433,240	\$ -	\$ 766,560
Operating disbursements:				
Business type activities	367,827	318,739	-	686,566
Excess (deficiency) of operating receipts over (under) operating disbursements	(34,507)	114,501	-	79,994
Non-operating receipts (disbursements):				
Use of Money & Property	978	3,831	92	4,901
Miscellaneous	32,004	7,218	43,516	82,738
Debt Service	-	(72,397)	(38,560)	(110,957)
Net non-operating receipts (disbursements)	32,982	(61,348)	5,048	(23,318)
Excess (deficiency) of receipts over (under) disbursements	(1,525)	53,153	5,048	56,676
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(24,057)	(4,057)	-	(28,114)
Total other financings sources (uses)	(24,057)	(4,057)	-	(28,114)
Net change in cash balances	(25,582)	49,096	5,048	28,562
Cash balances beginning of year	99,492	350,581	-	450,073
Cash balances end of year	\$ 73,910	\$ 399,677	\$ 5,048	\$ 478,635
<b>Cash Basis Fund Balances</b>				
Restricted for debt service	\$ -	\$ 22,033	\$ 3,717	\$ 25,750
Unrestricted	73,910	377,644	1,331	452,885
Total cash basis fund balances	\$ 73,910	\$ 399,677	\$ 5,048	\$ 478,635

See notes to financial statements.

**City of Williamsburg**

City of Williamsburg

Notes to Financial Statements

June 30, 2011

**(1) Summary of Significant Accounting Policies**

The City of Williamsburg is a political subdivision of the State of Iowa located in Iowa County. It was first incorporated in 1885 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Williamsburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements include the City of Williamsburg (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Discretely Presented Component Unit**

The Williamsburg Library Foundation, Inc. is presented in a separate column to emphasize that it is a separate entity, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Williamsburg Library Foundation, Inc. is a non-profit organization created for the sole purpose of raising funds to support the Williamsburg Library. Most revenues are generated from private donations given by individuals and businesses in the area.

Williamsburg Fire Fighters Association, which is incorporated under Chapter 504A of the Code of Iowa, is a component unit because it has the potential to provide benefits to the City of Williamsburg Fire Department. The association is in the process of changing the entity type, and it is the intent that the 501(c)3 process be completed during the next fiscal year. The Fire Fighters Association Board of Directors is, in appearance, essentially the same as the Williamsburg Fire Department. Condensed financial statements for the year ended December 31, 2010 presented in Note 17 were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S.

generally accepted accounting principles. Unaudited financial statements may be obtained from 102 Fire Ridge Road, Williamsburg, Iowa 52361.

#### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no known ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Joint E911 Service Board, and Regional Environmental Improvement Commission.

#### Related Organization

The Friends of the Williamsburg Library is an organization separate from the City. The Friends has been created for the sole purpose of raising funds to support the Williamsburg Library but is not financially accountable to the City.

### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in three categories:

*Nonexpendable* restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

*Expendable* restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns

in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Tax Increment Financing Fund is used to account for urban renewal projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Child Care Facility Fund accounts for the operation and maintenance of the Child Care Facility.

#### C. Measurement Focus and Basis of Accounting

The City of Williamsburg maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City of Williamsburg funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a

proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the general government and business type activities.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk – The City had no investments with credit risk.

**(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation notes and revenue bonds are as follows:

Year Ending June 30,	General Obligation		Revenue Bonds		Total	
	Notes		Principal	Interest	Principal	Interest
	Principal	Interest				
2012	952,700	228,219	47,000	23,940	999,700	252,159
2013	850,000	198,544	58,365	96,072	908,365	294,616
2014	605,000	172,006	60,798	58,696	665,798	230,702
2015	510,000	153,136	63,279	56,745	573,279	209,881
2016	400,000	136,271	64,679	54,815	464,679	191,086
2017 - 2021	2,265,000	445,576	359,029	240,915	2,624,029	686,491
2022 - 2026	985,000	127,544	351,952	179,167	1,336,952	306,711
2027 - 2031			107,400	139,619	107,400	139,619
2032 - 2036			129,244	115,960	129,244	115,960
2037 - 2041			149,545	88,234	149,545	88,234
2042 - 2046			182,619	55,162	182,619	55,162
2047 - 2051			179,688	15,473	179,688	15,473
<b>Total</b>	<b>6,567,700</b>	<b>1,461,296</b>	<b>1,753,598</b>	<b>1,124,798</b>	<b>8,321,298</b>	<b>2,586,094</b>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,050,000 in sewer revenue bonds issued in June, 2005. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment system. The bonds are payable solely from sewer customer net receipts and are payable through 2025. Annual principal and interest payments on the bonds are expected to require 58 percent of the net receipts. The total principal and interest remaining to be paid on the bonds is \$989,292. For the current year, principal and interest paid and total customer net receipts were \$70,290 and \$125,550, respectively.

The City has pledged future child care facility customer receipts, net of operating disbursements, to repay \$964,000 in child care facility enterprise revenue notes 1 and 2 issued in July, 2010. Proceeds from the notes provided financing for the acquisition of land and construction, furnishing and equipping of a child care center. The notes are payable solely from child care customer net receipts and are payable through 2050. Annual principal and interest payments on the notes are expected to require 88 percent of the net receipts. The total principal and interest remaining to be paid on the notes is \$1,889,105. For the Current year, principal and interest paid and total customer net receipts were \$46,639 and \$43,608, respectively.

The resolutions providing for the issuance of the revenue bonds include the following provisions.

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to the separate water, sewer, and child care facility revenue bond sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.

- c. There shall be a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the net revenues remaining after first making the required payments in the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Funds whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and Parity Obligations.
- d. For the child care facility, there shall be a reserve fund established for 10 percent of each payment up to a maximum of the largest payment.
- e. As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation on the utility, may from time to time direct.
- f. The providers of the child care facility have established a depreciation fund to be used for repairs and maintenance over the life of the loan.

**(4) Lease Purchase Agreement**

On June 1, 2006, the City entered into a lease purchase agreement to purchase the fire station for \$2,300,000. The lease purchase agreement bears interest at an average rate of 4.3% and matures June 1, 2017. Principal and interest paid during fiscal year 2011 totaled \$333,208.

On March 30, 2010 the City entered into a lease purchase agreement to purchase two new police vehicles for \$47,647. The lease purchase agreement bears interest at an average rate of 5.5 % and matures April 29, 2014. Principal and interest paid during fiscal year 2011 totaled \$10,621.

The remaining annual lease purchase payments are as follows:

Year Ending June 30,	Lease Purchase	
	Principal	Interest
2012	199,048	48,093
2013	199,544	39,521
2014	200,068	31,208
2015	190,000	22,770
2016	190,000	14,695
2017	150,000	6,525
Total	1,128,660	162,812

**(5) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary

information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$67,431, \$64,257 and \$58,980, respectively, equal to the required contributions for each year.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory termination payments payable to employees at June 30, 2011, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$37,290
Compensatory	<u>19,867</u>
Total	<u>\$57,157</u>

This liability has been computed based on rates of pay in effect at June 30, 2011.

City employees also accumulate a limited amount of earned but unused sick leave hours, personal time, and holiday pay for subsequent use. However, sick leave time, personal time, and holiday time is canceled if an employee leaves his or her employment with the City.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 350,000
	Tax Increment Financing	325,000
	Employee Benefits	145,588
	Enterprise:	
	Water	<u>5,000</u>
		<u>\$ 825,588</u>
Debt Service	Special Revenue:	
	Tax Increment Financing	\$ 1,396,871
	General Fund	31,592
	Enterprise:	
	Water	19,057
	Sewer	<u>4,057</u>
		<u>\$ 1,451,577</u>
Total		<u>\$ 2,277,165</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(8) Economic Development**

On January 24, 2000, the City entered into a Development Agreement with Williamsburg Manufacturing, in which the City agrees to make economic development tax rebate payments to Williamsburg Manufacturing, pursuant to Chapters 15A and 403 of the Code of Iowa, in amounts which represent 50% of the property taxes paid with respect to the incremental property valuation of the construction project to expand the facilities of Williamsburg Manufacturing through June 1, 2011. The tax rebate payments shall not constitute general obligations of the City, but shall be paid solely and only from incremental property taxes received by the City from the County Treasurer which are attributable to the construction project.

**(9) Thelma Wyman Memorial**

During August of 1991, the family of Thelma Wyman contributed \$500 to be put into an interest bearing account, the principal of which is to remain intact and cannot be withdrawn for any reason. One percent of the yearly interest shall be added to and become part of the principal. The remaining interest from this account is paid to Williamsburg Public Library to be used as the Library Board deems necessary in order to maintain the library.

**(10) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Regional Environmental Improvement Commission**

The City, in conjunction with all other municipalities in Iowa County, has created the Regional Environmental Improvement Commission. The Commission was established for the primary purpose of providing for the collection and disposal of solid waste produced or generated by each participant. On dissolution of the corporation, the net assets of the Commission will be prorated among the municipalities. The Commission is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction.

During the year ended June 30, 2011, the City of Williamsburg paid Cox Sanitation \$84,635. The sanitation company is then responsible for paying all landfill fees for the City's share of the cost. Completed financial statements for the Commission can be obtained from the Regional Environmental Improvement Commission.

**(12) Boyd Monies**

Walter C. Boyd left the balance of his estate to the town of Williamsburg, Iowa, to be used as the City sees fit. The City Council set up a separate account in the General Fund to track this money and show the citizens where the money is being spent.

On February 15, 2005, Assisted Living Facility Revenue Refunding Bonds in the amount of \$10,000,000 were issued. These revenue bonds were issued for the purpose of refunding two previous issuances of Revenue Bonds (Series 2002 Bonds and Series 2003 Bonds) which financed the cost of construction of the Williamsburg Retirement Community, Inc. Project.

On November 13, 2006, Nursing and Independent Living Facilities Revenue Bonds (Williamsburg Retirement Community, Inc. Project) in the amount not to exceed \$7,000,000 were issued to finance the costs of construction and furnishing a 44 bed skilled nursing facility and 8 independent living units.

These bonds are a special limited obligation of the City and shall not be payable from or charged upon any funds other than Loan Repayments made by the Williamsburg Retirement Community, Inc. The bonds do not constitute a debt of the City within any constitutional or statutory limitation.

**(13) Other Postemployment Benefits (OPEB)**

Plan Description -The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are seventeen active and zero retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member’s monthly premiums for the City and plan members are \$596 for single coverage and \$1,498 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2011, the City contributed \$263,195 and plan members eligible for benefits contributed \$0 to the plan.

**(14) Commitments**

As of June 30, 2011, the City had the following commitments with respect to the following projects:

	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
Library	\$ 783,524	September 2011
Library Engineering	3,730	September 2011
Total	<u>\$ 787,254</u>	

**(15) Management and Use Agreement**

Due to the importance of affordable childcare the City constructed a daycare facility and signed a management agreement with Williamsburg Community Childcare Center and K.I.N.D Care to operate and maintain the child care facility. A lease purchase has been signed based on the total cost of the building.

The remaining annual debt payments are as follows:

Year Ending June 30	USDA Child Care Facility Enterprise Rev Note 1 & 2	
	Principal	Interest
2012	-	-
2013	10,365	73,542
2014	11,798	37,606
2015	12,279	37,125
2016	12,679	36,725
2017-2021	72,029	174,993
2022-2026	87,952	159,067
2027-2031	107,400	139,619
2032-2036	129,244	115,960
2037-2041	149,545	88,234
2042-2046	182,619	55,162
2047-2051	179,688	15,473
<b>Total</b>	<b>955,598</b>	<b>933,506</b>

The City maintains the right to repurchase the land if either childcare providers decide to sell the childcare facility.

**(16) Leases**

The City leases property to the school under an operating lease requiring payments of \$25,000 on November 11, 2010 and April 15, 2011. The lease is for July 1, 2010 to June 30, 2011. Total lease payments received for the year ended June 30, 2011 is \$50,000.

**(17) The Williamsburg Firefighters Association**

The Williamsburg Firefighters Association provides benefits to the City of Williamsburg Fire Department. The Association reports its financial activity using a calendar year end. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for its discretely presented component unit. Following is the unaudited condensed financial information for the Williamsburg Firefighters Association for the year ended December 31, 2010.

	<u>W illiam sburg F irefigh ters A ssociation</u>
Receipts:	
Miscellaneous	<u>\$ 51,862</u>
Total receipts	<u>51,862</u>
Disbursements:	
Public safety	<u>41,077</u>
Total disbursements	<u>41,077</u>
Excess of receipts over disbursements	10,785
Cash balance beginning of year	<u>17,982</u>
Cash balance end of year	<u><u>\$ 28,767</u></u>

**(18) Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 17, 2011.

On July 1, 2011, the City entered into a loan agreement with D.A. Davidson & Co. for the sum of \$3,245,000 evidenced by the issuance of General Obligation Refunding Bonds, Series 2011. On June 27, 2011 the date of bidding the City received a good faith deposit of \$32,700 which is included in the City's basic financial statements.

City of Williamsburg

Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
<b>Receipts:</b>			
Property tax	\$ 840,637	-	-
Tax increment financing	1,922,005	-	-
Other city tax	460,233	-	-
Licenses and permits	11,096	-	-
Use of money and property	132,849	4,809	7
Intergovernmental	736,767	-	-
Charges for service	208,184	766,560	-
Miscellaneous	434,810	39,222	-
<b>Total receipts</b>	<b>4,746,581</b>	<b>810,591</b>	<b>7</b>
<b>Disbursements:</b>			
Public safety	619,806	-	-
Public works	560,959	-	-
Health and social services	1,200	-	-
Culture and recreation	680,291	-	-
Community and economic development	157,062	-	-
General government	176,070	-	-
Debt service	1,555,153	-	-
Capital projects	3,311,959	-	-
Business type activities	-	758,963	-
<b>Total disbursements</b>	<b>7,062,500</b>	<b>758,963</b>	<b>-</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>(2,315,919)</b>	<b>51,628</b>	<b>7</b>
<b>Other financing sources (uses), net</b>	<b>1,024,814</b>	<b>(28,114)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses</b>	<b>(1,291,105)</b>	<b>23,514</b>	<b>7</b>
<b>Balances beginning of year</b>	<b>6,144,258</b>	<b>450,073</b>	<b>972</b>
<b>Balances end of year</b>	<b>\$ 4,853,153</b>	<b>473,587</b>	<b>979</b>

See accompanying Independent Auditors' Report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
840,637	831,602	831,602	9,035
1,922,005	1,700,000	1,700,000	222,005
460,233	447,813	447,813	12,420
11,096	7,150	7,150	3,946
137,651	149,820	166,369	(28,718)
736,767	274,649	926,242	(189,475)
974,744	861,050	906,050	68,694
474,032	1,129,288	1,192,746	(718,714)
<u>5,557,165</u>	<u>5,401,372</u>	<u>6,177,972</u>	<u>(620,807)</u>
619,806	624,680	628,011	8,205
560,959	374,993	578,258	17,299
1,200	1,200	1,200	-
680,291	846,101	821,032	140,741
157,062	116,750	168,617	11,555
176,070	177,408	175,141	(929)
1,555,153	1,376,606	3,589,965	2,034,812
3,311,959	3,607,638	4,738,206	1,426,247
758,963	643,388	715,187	(43,776)
<u>7,821,463</u>	<u>7,768,764</u>	<u>11,415,617</u>	<u>3,594,154</u>
(2,264,298)	(2,367,392)	(5,237,645)	2,973,347
996,700	2,500,000	2,999,000	(2,002,300)
(1,267,598)	132,608	(2,238,645)	971,047
6,593,359	4,671,032	6,594,325	(966)
<u>5,325,761</u>	<u>4,803,640</u>	<u>4,355,680</u>	<u>970,081</u>

**Required Supplementary Information**

City of Williamsburg

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$776,600 and disbursements by \$3,646,853. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the general government and business type functions.

**Other Supplementary Information**

## City of Williamsburg

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2011

	Special Revenue			Permanent	Total
	Local Option Sales Tax	Employee Benefits	I-JOBS	Thelma Wyman Memorial	
Receipts:					
Property tax	\$ -	\$ 153,062	\$ -	\$ -	\$ 153,062
Other City Tax	354,328	2,704	-	-	357,032
Use of Money & Property	645	-	-	7	652
Intergovernmental	-	-	13,934	-	13,934
Total receipts	<u>354,973</u>	<u>155,766</u>	<u>13,934</u>	<u>7</u>	<u>524,680</u>
Disbursements:					
Operating:					
Public works	-	10,157	13,934	-	24,091
Total disbursements	<u>-</u>	<u>10,157</u>	<u>13,934</u>	<u>-</u>	<u>24,091</u>
Excess (deficiency) of receipts over (under) disbursements	<u>354,973</u>	<u>145,609</u>	<u>-</u>	<u>7</u>	<u>500,589</u>
Other financing sources (uses):					
Operating transfers out	<u>(350,000)</u>	<u>(145,588)</u>	<u>-</u>	<u>-</u>	<u>(495,588)</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(145,588)</u>	<u>-</u>	<u>-</u>	<u>(495,588)</u>
Net change in cash balances	4,973	21	-	7	5,001
Cash balances beginning of year	<u>46,551</u>	<u>-</u>	<u>-</u>	<u>973</u>	<u>47,524</u>
Cash balances end of year	<u>\$ 51,524</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 980</u>	<u>\$ 52,525</u>
<b>Cash Basis Fund Balances</b>					
Nonspendable - Thelma Wyman Memorial	\$ -	\$ -	\$ -	\$ 505	\$ 505
Restricted for other purposes	<u>51,524</u>	<u>21</u>	<u>-</u>	<u>475</u>	<u>52,020</u>
Total cash basis fund balances	<u>\$ 51,524</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 980</u>	<u>\$ 52,525</u>

See accompanying Independent Auditors' Report.

City of Williamsburg  
Schedule of Indebtedness  
Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
<b>General obligation bonds:</b>			
Corporate purpose - street, water, & sewer improvements	7 / 1 / 2005	3.50-3.63 %	\$ 1,400,000
Corporate purpose - street, water, & sewer improvements	5 / 1 / 2006	3.75-4.50 %	2,660,000
Urban renewal - land acquisition	7 / 10 / 2007	3.80 %	450,000
Corporate purpose - capital projects	4 / 1 / 2008	2.50-4.10 %	1,000,000
Corporate purpose - street, water, & sewer series 2009A	4 / 1 / 2009	3.50 %	750,000
Corporate purpose - street, water, & sewer series 2009B	4 / 1 / 2009	3.5-4.20 %	1,675,000
Urban renewal bonds - library	4 / 1 / 2010	2.25-3.50 %	2,500,000
Refunding bond, series 2011	7 / 1 / 2011	2.00-3.50 %	32,700
Total			
<b>Revenue bonds:</b>			
Sewer Revenue Bonds	6 / 13 / 2005	3.00 %	\$ 1,050,000
Childcare facility enterprise revenue loan agreement anticipation project note	12 / 4 / 2007	4.96 %	1,200,000
USDA Childcare facility enterprise revenue note 1	7 / 1 / 2010	4.00 %	928,000
USDA Childcare facility enterprise revenue note 2	7 / 1 / 2010	4.00 %	36,000
Total			
<b>Lease Purchase</b>			
Fire Station lease purchase	6 / 27 / 2008	4.25-4.35 %	\$ 2,300,000
Police Cars	3 / 30 / 2010	5.34-5.42 %	47,647
Total			

See accompanying Independent Auditors' Report.

Schedule 2

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
110,000	-	50,000	60,000	3,800	-
2,085,000	-	100,000	1,985,000	85,181	-
130,000	-	130,000	-	4,940	-
700,000	-	110,000	590,000	24,003	-
545,000	-	210,000	335,000	19,075	-
1,415,000	-	250,000	1,165,000	52,400	-
2,500,000	-	100,000	2,400,000	77,458	-
-	32,700	-	32,700	-	-
<u>7,485,000</u>	<u>32,700</u>	<u>950,000</u>	<u>6,567,700</u>	<u>266,857</u>	<u>-</u>
843,000	-	45,000	798,000	25,290	-
928,000	-	928,000	-	48,453	-
-	928,000	102	927,898	37,018	-
-	36,000	8,300	27,700	1,219	-
<u>1,771,000</u>	<u>964,000</u>	<u>981,402</u>	<u>1,753,598</u>	<u>111,980</u>	<u>-</u>
1,375,000	-	275,000	1,100,000	58,208	-
37,237	-	8,577	28,660	2,044	-
<u>1,412,237</u>	<u>-</u>	<u>283,577</u>	<u>1,128,660</u>	<u>60,252</u>	<u>-</u>

City of Williamsburg  
Bond and Note Maturities  
June 30, 2011

Year Ending June 30,	General Obligation Bonds							
	Corporate Purpose Street, Water, & Sewer Improvements Issued Jul 1, 2005		Corporate Purpose Street, Water, & Sewer Improvements Issued May 1, 2006		Corporate Purpose Capital Projects Issued Apr 1, 2008		Corporate Purpose Street, Water, & Sewer series 09A Issued Apr 1, 2009	
	Interest		Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2012	3.50	60,000	4.50	100,000	3.10	100,000	3.50 %	210,000
2013		-	3.75	100,000	3.25	135,000	3.50	125,000
2014		-	3.80	100,000	3.40	105,000		-
2015		-	3.85	100,000	3.65	110,000		-
2016		-	3.90	100,000		-		-
2017		-	3.95	100,000		-		-
2018		-	4.00	100,000		-		-
2019		-	4.00	100,000	4.10	140,000		-
2020		-	4.00	100,000		-		-
2021		-	4.00	100,000		-		-
2022		-	4.00	180,000		-		-
2023		-	4.13	190,000		-		-
2024		-	4.13	195,000		-		-
2025		-	4.25	205,000		-		-
2026		-	4.25	215,000		-		-
Total		<u>\$ 60,000</u>		<u>\$ 1,985,000</u>		<u>\$ 590,000</u>		<u>\$ 335,000</u>

See accompanying Independent Auditors' Report.

Schedule 3

Corporate Purpose Street, Water, & Sewer series 09B		Urban Renewal Bonds - Library		Refunding Bond, series 2011		Total
Issued Apr 1, 2009		Issued Apr 1, 2010		Issued July 1, 2011		
Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	
3.50 %	200,000	2.25 %	250,000	2.00 %	32,700	952,700
3.50	240,000	2.25	250,000	-	-	850,000
3.50	200,000	2.25	200,000	-	-	605,000
4.00	100,000	2.50	200,000	-	-	510,000
4.00	100,000	2.75	200,000	-	-	400,000
4.00	100,000	2.75	200,000	-	-	400,000
4.00	100,000	3.25	200,000	-	-	400,000
4.20	125,000	3.25	200,000	-	-	565,000
-	-	3.50	700,000	-	-	800,000
-	-	-	-	-	-	100,000
-	-	-	-	-	-	180,000
-	-	-	-	-	-	190,000
-	-	-	-	-	-	195,000
-	-	-	-	-	-	205,000
-	-	-	-	-	-	215,000
	<u>\$ 1,165,000</u>		<u>\$ 2,400,000</u>		<u>\$ 32,700</u>	<u>\$ 6,567,700</u>

**City of Williamsburg**

## City of Williamsburg

## Bond and Note Maturities

June 30, 2011

Year ending June 30,	Revenue Bonds						Total
	Sewer Revenue Bonds		USDA Child Care Facility Ent Rev Note 1		USDA Child Care Facility Ent Rev Note 2		
	Issued Jun 13, 2005		Issued July 1, 2010		Issued July 1, 2010		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2012	3.00	47,000	-	-	-	-	47,000
2013	3.00	48,000	4.00	9,677	4.00	688	58,365
2014	3.00	49,000	4.00	11,017	4.00	781	60,798
2015	3.00	51,000	4.00	11,466	4.00	813	63,279
2016	3.00	52,000	4.00	11,835	4.00	844	64,679
2017	3.00	54,000	4.00	12,416	4.00	881	67,297
2018	3.00	56,000	4.00	12,922	4.00	917	69,839
2019	3.00	57,000	4.00	13,448	4.00	954	71,402
2020	3.00	59,000	4.00	13,904	4.00	991	73,895
2021	3.00	61,000	4.00	14,563	4.00	1,033	76,596
2022	3.00	63,000	4.00	15,156	4.00	1,075	79,231
2023	3.00	65,000	4.00	15,774	4.00	1,119	81,893
2024	3.00	67,000	4.00	16,331	4.00	1,163	84,494
2025	3.00	69,000	4.00	17,082	4.00	1,212	87,294
2026			4.00	17,778	4.00	1,262	19,040
2027			4.00	18,503	4.00	1,313	19,816
2028			4.00	19,179	4.00	1,365	20,544
2029			4.00	20,038	4.00	1,422	21,460
2030			4.00	20,855	4.00	1,480	22,335
2031			4.00	21,705	4.00	1,540	23,245
2032			4.00	22,521	4.00	1,603	24,124
2033			4.00	23,507	4.00	1,669	25,176
2034			4.00	24,465	4.00	1,737	26,202
2035			4.00	25,462	4.00	1,807	27,269
2036			4.00	26,442	4.00	31	26,473
2037			4.00	27,577			27,577
2038			4.00	28,701			28,701
2039			4.00	29,871			29,871
2040			4.00	31,043			31,043
2041			4.00	32,353			32,353
2042			4.00	33,672			33,672
2043			4.00	35,044			35,044
2044			4.00	36,442			36,442
2045			4.00	37,957			37,957
2046			4.00	39,504			39,504
2047			4.00	41,114			41,114
2048			4.00	42,777			42,777
2049			4.00	44,532			44,532
2050			4.00	46,347			46,347
2051			4.00	4,918			4,918
Total		\$ 798,000		\$ 927,898		\$ 27,700	\$ 1,753,598

See accompanying Independent Auditors' Report.

City of Williamsburg

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Eight Years

	2011	2010	2009	2008
<b>Receipts:</b>				
Property tax	\$ 840,637	\$ 920,013	\$ 787,373	\$ 593,123
Tax increment financing	1,922,005	1,745,232	1,631,084	1,563,029
Other city tax	460,232	408,555	423,988	446,083
Licenses and permits	11,097	19,174	185,011	327,267
Use of money and property	132,757	161,152	5,590	8,787
Intergovernmental	736,767	685,869	489,155	313,959
Charges for service	208,184	193,888	206,977	239,226
Special assessments	-	648	964	948
Miscellaneous	391,294	174,680	149,177	563,337
<b>Total</b>	<b>\$ 4,702,973</b>	<b>\$ 4,309,211</b>	<b>\$ 3,879,319</b>	<b>\$ 4,055,759</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 619,806	\$ 616,863	\$ 597,270	\$ 557,288
Public works	560,959	363,839	395,385	393,721
Health and social services	1,200	1,200	1,200	1,200
Culture and recreation	680,291	726,768	717,422	1,242,755
Community and economic development	118,502	117,399	107,631	93,870
General government	176,070	191,063	203,736	173,863
Debt service	1,555,153	1,405,313	2,938,235	1,350,466
Capital projects	3,311,959	1,369,740	3,009,992	343,686
<b>Total</b>	<b>\$ 7,023,940</b>	<b>\$ 4,792,185</b>	<b>\$ 7,970,871</b>	<b>\$ 4,156,849</b>

See accompanying Independent Auditors' Report.

Schedule 4

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
944,096	526,093	488,445	562,707
1,500,055	1,469,800	1,209,469	1,064,489
419,263	347,347	405,485	369,752
253,153	258,356	103,249	130,146
6,247	24,916	11,806	9,662
260,262	310,225	237,257	247,295
242,471	194,269	297,499	240,016
1,004	1,113	10,244	28,230
868,333	158,791	243,063	96,540
<u>4,494,884</u>	<u>3,290,910</u>	<u>3,006,517</u>	<u>2,748,837</u>
569,356	509,101	422,794	373,751
374,606	400,671	444,297	348,133
1,200	1,000	900	900
1,837,607	791,147	624,977	694,955
217,725	221,911	117,097	157,006
166,960	146,756	152,526	138,087
1,338,712	1,110,648	836,970	583,085
1,919,561	2,384,546	1,623,061	302,504
<u>6,425,727</u>	<u>5,565,780</u>	<u>4,222,622</u>	<u>2,598,421</u>

## City of Williamsburg

## Schedule of Expenditures of Federal Awards

June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
US Department of Agriculture: Community Facility Loans/grants	10.766		\$ 964,000
Indirect:			
U.S. Department of Economic Development: Iowa Department of Economic Development: Community Development Block Grants/State's Program	14.228	B-11-DC-19-0001	46,312
			\$ 1,010,312

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the city of Williamsburg and is presented in conformity with an other comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditors' report.

Independent Auditors' Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 17, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Williamsburg's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Williamsburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility a material misstatement of City of Williamsburg's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-11 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Williamsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Williamsburg's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Williamsburg's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Williamsburg and other parties to whom the City of Williamsburg may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Williamsburg during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Lou Ann Murphy & Company, P. L. L. C.  
Certified Public Accountants  
Osage, Iowa  
October 17, 2011

Independent Auditors' Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited the City of Williamsburg, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Williamsburg's major federal program for the year ended June 30, 2011. the City of Williamsburg's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Williamsburg's management. Our responsibility is to express an opinion on the City of Williamsburg's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Williamsburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Williamsburg's compliance with those requirements.

In our opinion, the City of Williamsburg complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the City of Williamsburg is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Williamsburg's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for

the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

Williamsburg's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit Williamsburg's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Williamsburg and other parties to whom the City of Williamsburg may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Lou Ann Murphy & Company PLLC  
Certified Public Accountant  
Osage, Iowa  
October 17, 2011

City of Williamsburg  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part I: Summary of the Independent Auditors' Results:**

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the basic financial statements.
- (d) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 10.766 – United States Department of Agriculture - Community Facility Loans.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) City of Williamsburg did not qualify as a low-risk auditee.

City of Williamsburg  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part II: Findings Related to the Primary Government Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that each of the office personnel has control over several incompatible office and accounting functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

II-B-11 Water Loss: - Water usage reports calculated by the utility clerk indicate a fluctuation water loss problem. Review of water usage reports from 2010 reveal that the City lost an average of approximately 4,000,000 gallons of water per month during the last six months of the year.

Recommendation: Since water loss can occur because of leaks and/or unmetered usage, continuing efforts should be made to investigate why the City is experiencing substantial water loss.

Response: We will continue to investigate the water loss.

Conclusion: Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of Williamsburg  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part III: Findings and Questioned Costs for Federal Awards:**

**INTERNAL CONTROL DEFICIENCIES:**

- III-A-11 Segregation of Duties over Federal Receipts – The City did not properly segregate collection, deposit and record-keeping for receipts, including those related to federal programs. See item II-A-11.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of Williamsburg

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

**Part IV: Other Findings Related to Statutory Reporting:**

IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 exceed the amounts budgeted in the general government and business type functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – In the future the budget will be amended, if applicable.

Conclusion – Response accepted.

IV-B-11 Questionable Disbursements – No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-11 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-11 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Martin Bunge, Council Member Martin Bunge Photography	Website updates	\$252

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions with the above individual do not appear to represent a conflict of interest since total transactions with the individual was less than \$1,500 during the fiscal year.

IV-E-11 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-11 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy was noted.

IV-H-11 Revenue Bonds – The City has complied with the revenue bonds resolutions.

IV-I-11 Financial Condition – There were no funds with deficit balances at June 30, 2011.